



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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Board of Supervisors  
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Third District

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Fifth District

July 9, 2014

To: Audit Committee

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", is written over the printed name and title.

### **BOARD DELEGATED AUTHORITY POLICY REVIEW: POLICY NO. 4.040 - DEBT MANAGEMENT GUIDELINES**

We received a request from the Executive Office of the Board of Supervisors to review Board Policy No. 4.040 – Debt Management Guidelines, which has a sunset date of August 19, 2014.

We are enclosing the recommended policy revisions for your consideration. The revisions are intended to update, simplify, and clarify the Debt Management Guidelines.

If you have any questions regarding this matter, please contact Santos H. Kreimann at (213) 974-1186.

WTF:SHK:DJT  
SW:PB:zu

Enclosure

c: Executive Office, Board of Supervisors

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Los Angeles County  
BOARD OF SUPERVISORS POLICY MANUAL

Policy #:  
4.040

Title:  
Debt Management Guidelines

Effective Date:  
06/29/98

**PURPOSE**

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Provides comprehensive debt management guidelines to regulate the use of various financing instruments within the County of Los Angeles. These guidelines provide limits for the issuance of Short- and Long-Term obligations. The limits established herein do not apply to voter-approved debt or debt incurred by Agency funds Special Districts or Special Funds. All ratios and percentages referenced in these guidelines are established in relation to the General County Budget that includes the General Fund and Hospital Enterprise Funds.

**REFERENCE**

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June 29, 1998 Board Order, Synopsis 12-B

**POLICY**

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Guidelines for the following types of obligations:

Short-Term Obligations: The maximum ~~limit principal amount~~ for outstanding short-term obligations, such as ~~Bond Anticipation Commercial Paper Notes~~ issued for capital projects and ~~Bond Anticipation Notes~~ issued for equipment acquisitions, shall ~~be set annually at not exceed~~ 5.2-percent of the ~~Total General~~ County Budget.

Short-Term Tax-Exempt Tax and Revenue Anticipation Notes: The ~~total maximum principal amount of short-term tax-exempt Tax and Revenue Anticipation Notes~~ is limited to the maximum amount borrowable under the federal tax regulations. The maximum principal amount of taxable Tax and Revenue Anticipation Notes shall not exceed 5 percent of the General County Budget.

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Publicly Offered Intermediate and Long-term Obligations: The maximum limit on annual debt service payments shall be set at 4.2 percent of the Total General County Budget each fiscal year. Such annual debt service may be calculated net of self-supporting debt only to the extent that such self-supporting debt is paid with user fees, utility charges, property tax overrides or an external revenue stream such as tobacco settlement revenues.

Privately Placed, Intermediate-Term Equipment Leases: The maximum limit on annual payments shall be set at 0.4 percent of the Total County Budget each fiscal year. (This includes various bonds and unrated, privately placed equipment leases.)

Requires an annual update of this policy, coincident with the Proposed-Recommended County Budget.

#### RESPONSIBLE DEPARTMENT

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Chief Executive Office

#### DATE ISSUED/SUNSET DATE

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|--|---------------------------------------|
| Issue Date: June 29, 1998                | Sunset Review Date: June 29, 2002     |
| Review Date: November 21, 2002           | Sunset Review Date: November 21, 2006 |
| Annual update of this policy included in | Proposed Budget process from          |
| November 21, 2006 to August 1, 2010.     |                                       |
| Review Date: August 3, 2010              | Sunset Review Date: August 19, 2014   |
| Review Date: June 15, 2014               | Sunset Review Date: August 19, 2018   |